



NEWSLINE

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Chairman's Report

by Charles Woodard

The Tennessee Auctioneer Commission sincerely hopes you had a good 2001 and we wish you a wonderful 2002!

The auction business is changing because of new technology and new ideas for promoting the auction method of selling. As the auction business changes, so must the TAC to meet the needs of the public and the licensees. We continue to review changes that would make the licensees better qualified and more accountable to the consumer.

By the time you receive this newsletter, most of you should have received your copy of the Tennessee Auctioneer License Law and Regulations, 2001 Edition, issued by the Tennessee Auctioneer Commission and published by LexisNexis. This book is the latest issue of the laws, rules and regulations promulgated by the Tennessee Auctioneer Commission. We encourage you to read this publication and make note of changes.

The TAC will present a six-hour free education course on March 15, 2002, at the McMinnville Civic Center, McMinnville, Tennessee. The course will be "A Review of the Tennessee Auctioneer Licensing Law, Rules, Regulations, and Policies." Attendees will be provided a copy of a summary of the material covered. The TAC Board Members will be present to provide you information with regard to the subject matter. This course will provide six hours of auction continuing education. We encourage Tennessee licensees to take advantage of this free education.

The TAC continues to field a large number of complaints with regard to advertising violations. We remind you that the rules changed in May of 2001, and we encourage you to read the changes in your new copy of the licensing law referenced above. There have been copies of the changes in two previous newsletters. It is the responsibility of the auctioneer to know about the changes and implement them in his/her firm. An article in this issue will further explain the advertising rules.

We hope to see you in McMinnville for the free seminar program.

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PAY ATTENTION TO NEW ADVERTISING RULES

By Howard Phillips, TAC Commissioner

Advertising is the life-blood of a good auction business. Auction firms spend thousands of dollars each year giving the public notice of the real estate and personal property that they have to offer at auction. We owe it to the consumer to provide accurate information in our auction ads.

The Tennessee Auctioneer Commission issued new rules in May of 2001 in the spirit of making competition fair and providing the consumer accurate information. There continues to be confusion and violations of the advertising rules. This article is designed to provide you additional information with regard to the advertising issue.

Let me suggest that you review your auction logo to make sure that the information on your logo is accurate. Your auction logo should display the name of your auction firm as it exists on your firm license. You cannot hold a firm license in the name of ABC Auction Company and advertise as EFG Auction Company. Your auction logo should also display your firm license number. If you list the names of auctioneers and apprentice auctioneers that are members of your firm, you must designate which licensees are auctioneers and those that are apprentices. You should never list the name of an apprentice without denoting he/she is an apprentice. You should always include the name of the principal auctioneer in any ad where an apprentice auctioneer's name is displayed.

The banner at the top of the auction ad should let the consumer know if the auction is to be presented as an "absolute auction" or "a reserve auction." The term Absolute Auction indicates that it is an auction "with no reservations or contingencies" and that ownership will be transferred to a new owner. If an auction is advertised as an Absolute Auction, the auctioneer must take steps to assure the public that the property will sell regardless of price and that there are no shills or by-bidders present for the purpose of artificially driving up the bids.

The terms At Auction, Public Auction, Auction Sale, or simply Auction indicates to the public that the auction may be "with reserve" and that the property may or may not sell at the highest bid price. The auctioneer should be fair and open with

potential bidders and let them know the terms and conditions of the auction before the actual sale process begins.

If an auction firm has items that are to sell absolute and items that will carry a reserve, they may be listed in the same ad as long as the absolute items are listed separately from the reserve items and the heading indicating the absolute items and the reserve items are of the same font size and style. It should be clear to the reader of the ad as to which items are selling absolute and which items are with reserve.

The use of a buyer's premium at auctions in Tennessee has been expanding over the past ten years. I will not debate the pros and cons of the buyer's premium in this column. I will say that the buyer's premium can be viewed as another tool that the auctioneer has the option of using. If both a seller and auction firm agree to use the buyer's premium, then that agreement should be a part of the auction contract. All advertising giving notice of the auction should clearly state that a buyer's premium will be charged to the buyers and the amount of the buyer's premium.

Many auction firms hold bankruptcy auctions for bankruptcy trustees. In the past, the TAC has reviewed complaints where auction firms have falsely advertised that their auctions were authorized by the bankruptcy courts. In order to give the consumer and the TAC information that can be used to check the validity of bankruptcy auctions, auction firms are required to include the bankruptcy court case number assigned by the court on all advertising promoting a bankruptcy auction.

In addition to complying with the letter of the law, auctioneers and apprentice auctioneers have a professional and ethical responsibility to the potential bidders to lay out the ground rules of the auction before it begins and comply with those rules. Auction firms have a responsibility first to their seller and client and secondly to the public consumer that attends and buys at the auction. Paying attention to the details of the auction and properly conveying the information to the public is important.

If you have questions about advertising, feel free to call the TAC and talk with the staff. We will do everything we can to answer your questions promptly and accurately.

**TAC Board meeting
Monday, February 4, 2002.**

(Continued next column)

NEW TESTING SYSTEM HAS BEEN A SUCCESS

By Lynn McGill
Administrative Director

In the spring of 2001, the TAC began a new testing program to provide prospective licensees easier access to the exam and a more current and challenging exam. The TAC contracted with ASI to electronically administer the new exam at locations in Nashville, Knoxville, Memphis, Johnson City, Jackson, and Chattanooga. The exams are provided Tuesday through Saturday between the hours of 8:00 a.m. and 1:00 p.m. With the help of ASI, the TAC monitors the testing program by receiving statistics with regard to the pass/fail rates and an exit survey provided to candidates. The current statistics indicate that 97% of the candidates passed the exam and 3% of the candidates failed. A total of 167 candidates took exams in 2001.

Below you can see the 2001 analysis of the last quarter exit survey. Any feedback to the TAC is welcomed.

DISCIPLINARY CORNER

July 30, 2001

Nature of Offense: Improper Advertisement
Lyn Knight, dba/Currency Auctions
Action Taken: Letter of Instruction

October 1, 2001

Nature of Offense: Alleged Unprofessional Business
4578 Paul S Fields
Action Taken: Dismissed Insufficient Evidence

November 28, 2001

Nature of Offense: Improper Advertisement
4999 Bob Parks Auction Co. LLC (Robert G Bugg)
Consent Order \$500.00 Paid 10/25/01

Nature of Offense: Improper Advertisement
38 Jim Stevens Realty & Assoc. (Jim Stevens)
Consent Order \$500.00 Paid 12/3/01

Nature of Offense: Improper Advertisement
1473 Crye-Leike of Nashville (Danny Hale)
Consent Order \$100.00 Paid 11/7/01

Nature of Offense: Improper Advertisement
3226 Crye-Leike of Nashville (William Reed)
Consent Order \$100.00 Paid 12/13/01

(Continued on page 4)

ASI CANDIDATE SATISFACTION EXIT SURVEY - 12/31/01

		Very Satisfied	Satisfied	No Opinion	Dissatisfied	Very Dissatisfied	Total	Satisfaction Index
Reservation Process	Count	9	19	3	1	1	33	
	% of Respondents	27.27%	57.58%	9.09%	3.03%	3.03%	100.00%	93.94%
Test Center Easy to Locate	Count	9	22	1	1	0	33	
	% of Respondents	27.27%	65.67%	3.03%	3.03%	0.00%	100.00%	96.97%
Test Center Conducive to Testing	Count	16	17	0	0	0	33	
	% of Respondents	48.48%	51.52%	0.00%	0.00%	0.00%	100.00%	100.00%
Test Center Personnel	Count	15	17	0	0	0	33	
	% of Respondents	48.48%	51.52%	0.00%	0.00%	0.00%	100.00%	100.00%
Test Center Registration Process	Count	18	14	0	0	1	33	
	% of Respondents	54.55%	42.42%	0.00%	0.00%	3.03%	100.00%	96.97%
Testing System Ease of Use	Count	15	17	1	0	0	33	
	% of Respondents	45.45%	51.52%	3.03%	0.00%	0.00%	100.00%	100.00%
Testing System Operation	Count	16	16	0	0	1	33	
	% of Respondents	48.48%	48.48%	0.00%	0.00%	3.03%	100.00%	96.97%
Overall Satisfaction with Testing Process	Count	13	18	2	0	0	33	
	% of Respondents	39.39%	54.55%	6.06%	0.00%	0.00%	100.00%	100.00%

Disciplinary Report (Continued from page 3)

Nature of Offense: Improper Advertisement
 4531 Crye-Leike of Nashville (Jon Wall)
 Consent Order \$100.00 Paid 11/28/01

Nature of Offense: Unlicensed Auction Activity
 American Angus Hall of Fame (Tom Burke)
 Payment on past consent order \$1400.00 Paid 11/28/01

May 30, 2001
 Nature of Offense: Engaging in the auction business
 without proper license
 1608 King Cotton Auction Co.
 Citation issued \$1,000.00 Paid 7/10/01

July 25, 2001
 Nature of Offense: Conducting auction business without
 license
 Bluff City Auction (Edward L Hartman)
 Citation issued \$500.00 Paid 8/15/01

Nature of Offense: Conducting auction without license
 Edward L Hartman
 Citation issued \$500.00 paid 8/15/01



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"The Tennessee Department of Commerce and Insurance is
 committed to principals of equal opportunity, equal access,
 and affirmative action." Contact the EEO Coordinator or ADA
 Coordinator (615) 741-2177 (TDD).

Continuing Education Seminar March 15, 2002 McMinnville, TN

The next scheduled TAC-sponsored seminar will be
 held on Friday, March 15, 2002 at the McMinnville Civic
 Center in McMinnville, Tennessee.

Topic: "Review of Tennessee Auction License Law"
 Location: McMinnville Civic Center
 500 Garfield Street, McMinnville, TN
 Time: 8:00 a.m. - 3:00 p.m.
 Hours: Six (6) hours auction credit

Hotel Info: Holiday Inn, 809 Sparta St
 931-473-2159
 Best Western, 2545 Sparta St
 931-473-7338

From Nashville: I-24E, take exit 111; go 16 miles to city limits.
 Stay on Hwy 55 by-pass. Go 3 miles; take Hwy 70s business
 exit. Turn right onto 70s business; go 2 miles. Turn left onto
 Clark Blvd and go to 4-way stop. Civic Center on the left.

From Murfreesboro: Hwy 70s (East); go 45 miles thru
 Woodbury to city limits. Approx. 2 miles from city limits, turn
 left onto Clark Blvd, go to 4-way stop. Civic Center on the left.

From Cookeville: Hwy 111 to Sparta; take McMinnville exit
 onto Hwy 70s. Go 20 miles and take Hwy 70s by-pass. Take
 left at Hwy 56 intersection; go thru one traffic light and turn
 right onto Garfield St. Go 1 mile to civic center.

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